

Message Text

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INFO OCT-01 NEA-10 ISO-00 EB-07 /022 R

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R 130405Z NOV 76
FM SECSTATE WASHDC
TO AMEMBASSY ALGIERS

UNCLAS STATE 280038

E.O. 11652 N/A

TAGS: EFIN, AG

SUBJECT: EXIM FINANCING FOR MARSA EL HADJADJ POWER STATION

1. EXIMBANK HAS RECEIVED REQUEST FROM WESTINGHOUSE FOR PC FOR ASSISTANCE IN FINANCING DOLS 240 MILLION IN U.S. COSTS FOR SONEL-GAZ MARSA EL HADJADJ POWER STATION NEAR ARZEW. PROJECT WOULD COMPRISE THREE 160 MW UNITS, UTILIZING GAS/OIL-FIRED BOILERS (BABCOCK AND WILCOX) WITH STEAM TURBINES, WITH OPERATION BEGINNING IN APRIL AND OCTOBER 1981 AND APRIL 1982. CONSTRUCTION MAY BE DONE BY DRAVO.

2. BANK'S REVIEW OF IBRD JUNE 8, 1976 APPRAISAL REPORT ON SECOND ALGERIAN POWER PROJECT REVEALS THAT THIS APPARENTLY IS FIRST OF 3 OF 5 UNITS ULTIMATELY, TOTALING 750 MW (AT 150 MW EACH). SONELGAZ CAPACITY (81 PERCENT OF COUNTRY TOTAL) WAS 1,011 MW IN 1974, PROJECTED TO REACH 2,065 MW IN 1980. PROJECTION WAS 2,600 GWH IN 1974, PROJECTED AT 6,110 GWH IN 1980.

3. ABOVE EXCLUDES POST-1980 ADDITIONS TO CAPACITY-- 600 MW (4 X 150 MW) DJIJEL STATION, FIRST 2 UNITS IN 1981, AND 750 MW MARSA EL HADJADJ STATION, OF WHICH IBRD STATES FIRST TWO 150 MW UNITS ARE PLANNED FOR UNCLASSIFIED

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1982-83.

4. IBRD ALSO SYS ALTHOUGH THESE TWO STATIONS IN EACH AND WEST ARE INTENDED TO REINSTATE REGIONAL GENERATING BALANCE, THEY ARE MAINLY INTENDED TO SUPPLY TWO NEW STEEL PLANTS EACH WITH MAX DEMAND OF 350 MW. IF THIS IS THE CASE, IT IS UNLIKELY THAT EXIM STAFF CAN RECOMMEND IN FAVOR OF COMMITTING ON MARSALA EL HADJADJ STATION AT THIS TIME, IN VIEW OF BANK'S EMPHASIS ON DIRECT AND IMMEDIATE EXCHANGE-EARNING PROJECTS. (PC REQUESTS FOR DJIJEL STATION WERE DENIED JANUARY 1976 DUE TO LACK OF INFO ON DJIJEL INDUSTRIAL COMPLEX.)

5. NEVERTHELESS ANY ADDITIONAL INFO EMBASSY COULD READILY AND CONVENIENTLY OBTAIN REGARDING POWER DEMAND, EXPECTED USE, AND PROJECTED CAPACITY AND OUTPUT IN 1980 AND 1985, ESPECIALLY ANYTHING BEARING ON JUSTIFICATION FOR STATION OTHER THAN REQUIREMENTS OF STEEL MILL, WOULD ASSIST IN BANK'S CONSIDERATION. EXIM STAFF ALSO INTENDS REVIEW FURTHER WITH IBRD STAFF. KISSINGER

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